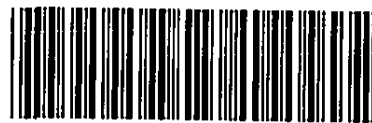


Company Registration No. 6542144 (England and Wales)

**CHARACTER WORLD HOLDCO LIMITED**  
**GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

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COMPANIES HOUSE

# CHARACTER WORLD HOLDCO LIMITED

## DIRECTORS AND ADVISERS

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<b>Directors</b>	D E Schweiger M Schweiger J E Dillon M Hancox (Appointed 21 April 2009)
<b>Secretary</b>	M Schweiger
<b>Company number</b>	6542144
<b>Registered office</b>	c/o UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
<b>Registered auditors</b>	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
<b>Business address</b>	Character House 1 Oak Green Stanley Green Business Park Cheadle Hulme Cheshire SK8 6QL
<b>Bankers</b>	National Westminster Bank plc 23 Stamford New Road Altrincham Cheshire WA14 1DB

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# CHARACTER WORLD HOLDCO LIMITED

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# CHARACTER WORLD HOLDCO LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2009

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The directors present their report and financial statements for the year ended 31 December 2009

#### **Principal activities and review of the business**

The principal activity of the group is that of the marketing and sales of licensed products and textiles. The principal activity of the company is that of a holding company.

The principal risks and uncertainties facing the group are its exposure to quick changes in trends and fashions, and its exposure to foreign currency markets.

The directors closely monitor the popularity of current stock lines and continue to identify new products and licences which will generate future revenues. During 2009 a number of new licences were signed to ensure continuity of turnover. The directors also monitor foreign currency markets to ensure that fluctuations in currencies have the smallest possible effect on the group's trading results.

Our financial risk management objective is to ensure sufficient working capital for the group. This is achieved by careful management of our cash balances and overdraft facilities. In 2009 the group's stockholding base was significantly lowered, bringing a reduction in working capital required.

The group's main focus during the year has been to continue growing profitable business through the development of existing and new licensed products. In 2009 development of the Brands and Football area of the business continued with the signing of additional licences.

During the year the group expanded its range of licensed product lines particularly with the development of a range of Toddler and Single beds which will become available in 2010. The group has continued to distribute to the UK's leading retailers.

Turnover is a key performance indicator for our business as it measures the total output of the business at the prices we are able to charge our customers. Despite the economic uncertainty which affected the total UK market during 2009 the business experienced only a 6% decrease in turnover for the year compared to the whole of 2008.

A Sales Director has been appointed during the year to co-ordinate an increase in sales effort and this is anticipated to produce a significant increase in turnover in 2010.

#### **Financial position at year end**

The financial position of the group at the year end was considered to be healthy by the directors. The cash position stood at £2,623,688 and shareholders' funds at £221,563.

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 5.

The directors do not propose a dividend for the year.

#### **Directors**

The following directors have held office since 1 January 2009

D E Schweiger

M Schweiger

J E Dillon

M Hancox

(Appointed 21 April 2009)

# CHARACTER WORLD HOLDCO LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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### Charitable donations

Contributions by the group during the year to United Kingdom charities amounted to £14,994 (2008 - £18,864)

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



M. Schweiger

Director

19 April 2010

# **CHARACTER WORLD HOLDCO LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF CHARACTER WORLD HOLDCO LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Character World Holdco Limited for the year ended 31 December 2009 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# CHARACTER WORLD HOLDCO LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF CHARACTER WORLD HOLDCO LIMITED

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#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**D Symonds (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young Manchester LLP

19 April 2010

**Chartered Accountants**  
**Statutory Auditor**

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

# CHARACTER WORLD HOLDCO LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 31 December 2009 £	Period ended 31 December 2008 £
Turnover	2	19,543,829	17,019,905
Cost of sales		(12,635,995)	(12,283,052)
<b>Gross profit</b>		<b>6,907,834</b>	<b>4,736,853</b>
Distribution costs		(335,174)	(380,270)
Administrative expenses		(4,223,009)	(2,961,325)
<b>Operating profit</b>	<b>3</b>	<b>2,349,651</b>	<b>1,395,258</b>
Other interest receivable and similar income		1,285	2,650
Interest payable and similar charges	4	(2,014,031)	(1,622,952)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>336,905</b>	<b>(225,044)</b>
Tax on profit/(loss) on ordinary activities	5	(453,748)	(456,550)
<b>Loss on ordinary activities after taxation</b>	<b>17</b>	<b>(116,843)</b>	<b>(681,594)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account



# CHARACTER WORLD HOLDCO LIMITED

## BALANCE SHEETS

AS AT 31 DECEMBER 2009

	Notes	Group 2009 £	2008 £	Company 2009 £	2008 £
<b>Fixed assets</b>					
Intangible assets	7	15,014,155	15,853,562	-	-
Tangible assets	8	351,256	372,970	-	-
Investments	9	-	-	7,645,460	6,937,180
		<u>15,365,411</u>	<u>16,226,532</u>	<u>7,645,460</u>	<u>6,937,180</u>
<b>Current assets</b>					
Stocks	10	1,470,085	2,457,140	-	-
Debtors	11	4,448,853	4,825,640	7,850,410	7,589,933
Cash at bank and in hand		2,623,688	1,118,973	57	4,875
		<u>8,542,626</u>	<u>8,401,753</u>	<u>7,850,467</u>	<u>7,594,808</u>
<b>Creditors amounts falling due within one year</b>	12	<u>(4,588,309)</u>	<u>(5,415,980)</u>	<u>(39,466)</u>	<u>(13,792)</u>
<b>Net current assets</b>		<u>3,954,317</u>	<u>2,985,773</u>	<u>7,811,001</u>	<u>7,581,016</u>
<b>Total assets less current liabilities</b>		<u>19,319,728</u>	<u>19,212,305</u>	<u>15,456,461</u>	<u>14,518,196</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(19,098,165)</u>	<u>(18,864,280)</u>	<u>(15,689,146)</u>	<u>(14,137,971)</u>
<b>Provisions for liabilities</b>	14	<u>-</u>	<u>(29,619)</u>	<u>-</u>	<u>-</u>
		<u>221,563</u>	<u>318,406</u>	<u>(232,685)</u>	<u>380,225</u>
<b>Capital and reserves</b>					
Called up share capital	16	102,000	100,000	102,000	100,000
Share premium account	17	918,000	900,000	918,000	900,000
Profit and loss account	17	<u>(798,437)</u>	<u>(681,594)</u>	<u>(1,252,685)</u>	<u>(619,775)</u>
<b>Shareholders' funds</b>	18	<u>221,563</u>	<u>318,406</u>	<u>(232,685)</u>	<u>380,225</u>

Approved by the Board and authorised for issue on 19 April 2010

  
M Schweiger  
Director

Company Registration No. 06542144

# CHARACTER WORLD HOLDCO LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	£	2009 £	£	2008 £
<b>Net cash inflow from operating activities</b>		4,203,358		2,634,565
<b>Returns on investments and servicing of finance</b>				
Interest received	1,285		2,650	
Interest paid	(353,678)		(478,007)	
		<u>                    </u>		<u>                    </u>
<b>Net cash outflow for returns on investments and servicing of finance</b>		(352,393)		(475,357)
<b>Taxation</b>		(906,906)		(889,350)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(54,625)		(70,145)	
		<u>                    </u>		<u>                    </u>
<b>Net cash outflow for capital expenditure</b>		(54,625)		(70,145)
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertakings (net of cash acquired)	-		(13,350,181)	
		<u>                    </u>		<u>                    </u>
<b>Net cash outflow for acquisitions and disposals</b>		-		(13,350,181)
		<u>                    </u>		<u>                    </u>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		2,889,434		(12,150,468)
<b>Financing</b>				
Issue of ordinary share capital	20,000		572,500	
New bank loan	-		7,000,000	
Loan notes issued	-		7,260,833	
FRS 4 Finance costs	-		(704,175)	
Repayment of bank loan	(1,400,000)		(862,936)	
Capital element of finance lease contracts	(1,287)		(213)	
		<u>                    </u>		<u>                    </u>
<b>Net cash inflow from financing</b>		(1,381,287)		13,266,009
		<u>                    </u>		<u>                    </u>
<b>Increase in cash in the year</b>		<u>                    </u> <u>                    </u>		<u>                    </u> <u>                    </u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

1	Reconciliation of operating profit to net cash inflow from operating activities	2009	2008
		£	£
	Operating profit	2,349,651	1,395,258
	Depreciation of tangible assets	76,339	28,193
	Amortisation of intangible assets	839,407	629,556
	Decrease/(increase) in stocks	987,055	(656,801)
	Decrease in debtors	628,208	51,847
	Decrease in creditors within one year	(677,302)	1,186,512
	<b>Net cash inflow from operating activities</b>	<b>4,203,358</b>	<b>2,634,565</b>

2	Analysis of net debt	1 January 2009	Cash flow	Other non-cash changes	31 December 2009
		£	£	£	£
	<b>Net cash</b>				
	Cash at bank and in hand	1,118,973	1,504,715	-	2,623,688
	Bank overdrafts	(3,432)	3,432	-	-
		<u>1,115,541</u>	<u>1,508,147</u>	<u>-</u>	<u>2,623,688</u>
	<b>Debt due within one year</b>				
	Finance leases and hire purchase	(1,287)	1,287	-	-
	Bank loans	(1,290,823)	-	(26,467)	(1,317,290)
	<b>Debt due after one year</b>				
	Bank loans	(4,726,309)	1,400,000	(82,710)	(3,409,019)
	Other loans	(14,137,971)	-	(1,551,175)	(15,689,146)
		<u>(20,156,390)</u>	<u>1,401,287</u>	<u>(1,660,352)</u>	<u>(20,415,455)</u>
	<b>Net debt</b>	<b>(19,040,849)</b>	<b>2,909,434</b>	<b>(1,660,352)</b>	<b>(17,791,767)</b>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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<b>3 Reconciliation of net cash flow to movement in net debt</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Increase in cash in the year	1,508,147	1,115,541
Cash outflow/(inflow) from movement in debt	1,401,287	(12,693,509)
	<u>2,909,434</u>	<u>(11,577,968)</u>
Change in net debt resulting from cash flows		
FRS Finance costs released	(180,535)	(122,102)
Accrued interest	(1,479,817)	(1,022,843)
Loan notes issued	-	(6,153,500)
Aquired debt	-	(164,436)
	<u>1,249,082</u>	<u>(19,040,849)</u>
<b>Movement in net debt in the year</b>		
Opening net (debt)/funds	(19,040,849)	-
	<u>(17,791,767)</u>	<u>(19,040,849)</u>
<b>Closing net debt</b>		

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# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the holding company and its subsidiary undertakings made up to 31 December 2009. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.4 Turnover

Turnover represents amounts receivable from sales of licensed and unlicensed products and textiles net of VAT and trade discounts.

#### 1.5 Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and representing the excess of the consideration given over the fair value of the identifiable net assets acquired, has been capitalised in the group balance sheet and is amortised over its estimated economic life, being 20 years.

Acquired goodwill representing the excess of the consideration given over the fair value of the identifiable net assets acquired, has been capitalised in the group balance sheet and is amortised over its estimated economic life, being 20 years.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Alterations to leasehold	5% / 10% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	33.3% straight line

#### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

### 1 Accounting policies (continued)

#### 1.9 Stock

Work in progress is valued at the lower of cost and net realisable value. The cost of stock represents the purchase value of the goods and costs to bring it to its current location, and the net realisable value of the stock is the actual value the stock can be sold for.

#### 1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.12 FRS 4 finance costs

Finance costs in relation to financial instruments are netted off against the principal and released to the profit and loss account over the term of the instrument using the actuarial method.

#### 1.13 Comparative period

The comparative period covers the period of trade from 5 April 2008 to 31 December 2008.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2009	2008
	£	£
Operating loss is stated after charging		
Amortisation of intangible assets	839,407	629,556
Depreciation of tangible assets	76,339	28,193
Operating lease rentals	172,200	139,358
Fees payable to the group's auditor for the audit of the group's annual accounts (company £4,000, 2008 £4,000)	49,325	31,715
and after crediting		
Profit on foreign exchange transactions	<u>(107,491)</u>	<u>(199,071)</u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

4	Interest payable	2009 £	2008 £
	On bank loans and overdrafts	353,505	474,374
	FRS 4 finance costs released	180,536	122,102
	Hire purchase interest	173	230
	Other interest	1,479,817	1,026,246
		<u>2,014,031</u>	<u>1,622,952</u>
5	Taxation	2009 £	2008 £
	<b>Domestic current year tax</b>		
	U K corporation tax	740,749	454,358
	Adjustment for prior years	(6,056)	-
	<b>Current tax charge</b>	<u>734,693</u>	<u>454,358</u>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(280,945)	2,192
		<u>453,748</u>	<u>456,550</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	<u>336,905</u>	<u>(225,044)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	<u>94,333</u>	<u>(63,012)</u>
	Effects of		
	Non deductible expenses	657,364	524,324
	Depreciation add back	21,375	22,479
	Capital allowances	(23,105)	(26,571)
	Adjustments to previous periods	(6,056)	-
	Other tax adjustments	(9,218)	(2,862)
		<u>640,360</u>	<u>517,370</u>
	<b>Current tax charge</b>	<u>734,693</u>	<u>454,358</u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 6 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows

	2009	2008
	£	£
Holding company's loss for the financial year	<u>(632,910)</u>	<u>(619,775)</u>

#### 7 Intangible fixed assets Group

	Goodwill £
<b>Cost</b>	
At 1 January 2009 & at 31 December 2009	<u>16,788,142</u>
<b>Amortisation</b>	
At 1 January 2009	934,580
Charge for the year	<u>839,407</u>
At 31 December 2009	<u>1,773,987</u>
<b>Net book value</b>	
At 31 December 2009	<u>15,014,155</u>
At 31 December 2008	<u>15,853,562</u>

Goodwill consists of goodwill arising on consolidation and purchased goodwill in Character World Limited

Goodwill arising on consolidation is being amortised evenly over its estimated useful economic life of 20 years commencing 4 April 2008

Goodwill purchased in Character World Limited is being amortised evenly over its estimated useful economic life of 20 years and commenced in 1999



# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 8 Tangible fixed assets Group

	Alterations to leasehold	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2009	299,432	262,238	561,670
Additions	52,279	2,346	54,625
	<u>351,711</u>	<u>264,584</u>	<u>616,295</u>
At 31 December 2009			
<b>Depreciation</b>			
At 1 January 2009	25,786	162,914	188,700
Charge for the year	21,619	54,720	76,339
	<u>47,405</u>	<u>217,634</u>	<u>265,039</u>
At 31 December 2009			
<b>Net book value</b>			
At 31 December 2009	<u>304,306</u>	<u>46,950</u>	<u>351,256</u>
At 31 December 2008	<u>273,646</u>	<u>99,324</u>	<u>372,970</u>

Included above are assets held under finance leases or hire purchase contracts as follows

	Fixtures, fittings & equipment	Total
	£	£
<b>Net book values</b>		
At 31 December 2009	-	-
At 31 December 2008	<u>1,717</u>	<u>1,717</u>
<b>Depreciation charge for the year</b>		
31 December 2009	-	-
31 December 2008	<u>1,717</u>	<u>1,717</u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

### 9 Fixed asset investments

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
<b>Cost</b>			
At 1 January 2009	27,130	6,910,050	6,937,180
Additions	-	708,280	708,280
At 31 December 2009	27,130	7,618,330	7,645,460
<b>Net book value</b>			
At 31 December 2009	27,130	7,618,330	7,645,460
At 31 December 2008	27,130	6,910,050	6,937,180

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Character World Bidco Limited	England and Wales	Ordinary	100
Character World Limited *	England and Wales	Ordinary	100
T D S Enterprises Limited **	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Character World Bidco Limited	Intermediate holding company
Character World Limited *	Marketing and sales of licensed products and textiles
T D S Enterprises Limited **	Dormant

(\*) Subsidiary of Character World Bidco Limited

(\*\*) Subsidiary of Character World Limited

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

### 10 Stocks

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Finished goods and goods for resale	1,470,085	2,457,140	-	-

### 11 Debtors

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	4,023,973	4,676,449	-	-
Amounts owed by group undertakings	-	-	7,373,593	7,414,265
Other debtors	3,013	2,917	192,346	175,668
Prepayments and accrued income	170,541	146,274	-	-
Deferred tax asset (see note 14)	251,326	-	284,471	-
	<u>4,448,853</u>	<u>4,825,640</u>	<u>7,850,410</u>	<u>7,589,933</u>

### 12 Creditors : amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	1,400,000	1,403,432	-	-
FRS 4 finance costs	(82,710)	(109,177)	-	-
Net obligations under finance lease and hire purchase contracts	-	1,287	-	-
Trade creditors	2,108,286	2,188,390	4,826	9,792
Corporation tax	146,677	318,890	30,390	-
Taxes and social security costs	393,924	603,413	-	-
Other creditors	409,340	488,133	-	-
Accruals and deferred income	212,792	521,612	4,250	4,000
	<u>4,588,309</u>	<u>5,415,980</u>	<u>39,466</u>	<u>13,792</u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

### 13 Creditors amounts falling due after more than one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Accrued loan note interest	388,221	352,126	388,221	352,126
Bank loans	3,500,000	4,900,000	-	-
Other loans	15,528,772	14,085,050	15,528,772	14,085,050
FRS 4 costs	(318,828)	(472,896)	(227,847)	(299,205)
	<u>19,098,165</u>	<u>18,864,280</u>	<u>15,689,146</u>	<u>14,137,971</u>
<b>Analysis of loans</b>				
Not wholly repayable within five years by instalments	15,689,146	14,137,971	15,689,146	14,137,971
Wholly repayable within five years	<u>4,726,309</u>	<u>6,017,132</u>	-	-
	20,415,455	20,155,103	15,689,146	14,137,971
Included in current liabilities	<u>(1,317,290)</u>	<u>(1,290,823)</u>	-	-
	<u>19,098,165</u>	<u>18,864,280</u>	<u>15,689,146</u>	<u>14,137,971</u>
Instalments not due within five years	<u>15,689,146</u>	<u>14,137,971</u>	<u>15,689,146</u>	<u>14,137,971</u>
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	1,343,757	1,317,290	-	-
In more than two years but not more than five years	2,065,262	3,409,019	-	-
In more than five years	<u>15,689,146</u>	<u>14,137,971</u>	<u>15,689,146</u>	<u>14,137,971</u>
<b>Net obligations under finance leases and hire purchase contracts</b>				
Repayable within one year	-	1,287	-	-
	-	1,287	-	-
Included in liabilities falling due within one year	<u>-</u>	<u>(1,287)</u>	<u>-</u>	<u>-</u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 13 Creditors : amounts falling due after more than one year

(continued)

Bank loans are subject to interest based on LIBOR and are secured by an unlimited cross guarantee between the company and all other UK subsidiaries in the group, a debenture containing fixed and floating charges over the assets of the group and an assignment over keyman insurance policies of D E Schweiger and M Schweiger

Included in creditors are unamortised finance costs amounting to £401,538 (2008 - £582,073) for the group and £227,847 (2008 - £299,205) for the company which are being released to the profit and loss account over 5 years using the actuarial method Total finance costs released to the profit and loss account during the year were £180,536 (2008 - £122,102)

Other loans comprise of loan notes bearing interest of 10% per annum which are secured over the assets of the group

Interest on the loan notes of £14,085,050 (2008 - £13,414,333) is compounded and added to the principal at March and September each year At 30 September 2009 interest of £1,443,733 (2008 - £670,717) was added to the principal The loan notes are repayable in 2017

#### 14 Provisions for liabilities

The deferred tax asset (included in debtors, note 11) is made up as follows:

	Group 2009 £		Company 2009 £	
Balance at 1 January 2009	29,619		-	
Profit and loss account	(280,945)		(284,471)	
	<u>(251,326)</u>		<u>(284,471)</u>	
Balance at 31 December 2009	<u>(251,326)</u>		<u>(284,471)</u>	
		Group		Company
		2009	2008	2009
		£	£	£
Accelerated capital allowances	33,145	29,619		-
Other timing differences	(284,471)	-	(284,471)	-
	<u>(251,326)</u>	<u>29,619</u>	<u>(284,471)</u>	<u>-</u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 15 Pension and other post-retirement benefit commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

##### Defined contribution

	2009	2008
	£	£
Contributions payable by the group for the year	6,900	6,054

#### 16 Share capital

	2009	2008
	£	£
<b>Authorised</b>		
522,500 Ordinary A shares of 10p each	52,250	52,252
477,500 Ordinary B shares of 10p each	47,750	49,748
20,000 Ordinary C shares of 10p each	2,000	-
	<u>102,000</u>	<u>102,000</u>
<b>Allotted, called up and fully paid</b>		
522,500 Ordinary A shares of 10p each	52,250	52,250
477,500 Ordinary B shares of 10p each	47,750	47,750
20,000 Ordinary C shares of 10p each	2,000	-
	<u>102,000</u>	<u>100,000</u>

During the year 20,000 Ordinary C shares of 10p each were issued at a premium of 90p each.

The rights attached to the various classes of shares referred to above are set out in the company's Articles of Association, copies of which can be obtained from Character House, 1 Oak Green, Stanley Business Park, Cheadle Hulme, Cheshire, SK8 6QL.

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 17 Statement of movements on reserves

##### Group

	Share premium account £	Profit and loss account £
Balance at 1 January 2009	900,000	(681,594)
Loss for the year	-	(116,843)
Premium on shares issued during the year	18,000	-
Balance at 31 December 2009	<u>918,000</u>	<u>(798,437)</u>

##### Company

	Share premium account £	Profit and loss account £
Balance at 1 January 2009	900,000	(619,775)
Loss for the year	-	(632,910)
Premium on shares issued during the year	18,000	-
Balance at 31 December 2009	<u>918,000</u>	<u>(1,252,685)</u>

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

<b>18 Reconciliation of movements in shareholders' funds</b>	<b>2009</b>	<b>2008</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Loss for the financial year	(116,843)	(681,594)
Proceeds from issue of shares	20,000	1,000,000
Net (depletion in)/addition to shareholders' funds	(96,843)	318,406
Opening shareholders' funds	318,406	-
Closing shareholders' funds	221,563	318,406
	<b>2009</b>	<b>2008</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Loss for the financial year	(632,910)	(619,775)
Proceeds from issue of shares	20,000	1,000,000
Net (depletion in)/addition to shareholders' funds	(612,910)	380,225
Opening shareholders' funds	380,225	-
Closing shareholders' funds	(232,685)	380,225

### 19 Contingent liabilities

#### Group

The group has entered into a number of contracts which guarantee minimum levels of future royalty payments. These guarantees apply where minimum levels of sales on which royalties are paid are not reached. In circumstances where the directors consider that payments under the guarantees will be required, full provision for these payments has been made in the financial statements. However, where the directors consider that minimum levels of sales required by contracts will be reached, no provision for payments under the guarantees has been made. Should future levels of sales be less than anticipated by the directors further provisions for liabilities under these contracts may be required.



# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 20 Financial commitments

At 31 December 2009 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Expiry date				
Between two and five years	-	-	22,180	24,874
In over five years	400,850	335,750	-	-
	<u>400,850</u>	<u>335,750</u>	<u>22,180</u>	<u>24,874</u>

As at 31 December 2009 Character World Limited had entered into, and was bound by, two forward contracts to purchase foreign currency amounting to £5,240,358

### 21 Capital commitments

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Authorised but not contracted for	<u>15,000</u>	<u>42,000</u>	<u>-</u>	<u>-</u>

### 22 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	<u>573,067</u>	<u>262,500</u>
The highest paid director	<u>176,900</u>	<u>131,250</u>

### 23 Transactions with directors

D E Schweiger and M Schweiger are interested in TDM Properties Limited as directors and shareholders. During the year Character World Group paid rent to TDM Properties Limited of £172,200 (2008 - £139,358) and property service charges of £14,683 (2008 - £7,854)

# CHARACTER WORLD HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 24 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Directors	6	3
Administrators and design	48	32
	<u>54</u>	<u>35</u>

#### Employment costs

	2009 £	2008 £
Wages and salaries	1,877,634	1,323,044
Social security costs	198,343	119,574
Other pension costs	6,900	4,540
	<u>2,082,877</u>	<u>1,447,158</u>

### 25 Control

The directors consider that there is no overall controlling party